

DOCUMENT RESUME

ED 324 545

CE 056 189

TITLE Towards an Educational Audit. Regional Working Party Report. Information Bank Working Paper 2419.

INSTITUTION Further Education Staff Coll., Blagdon (England).

PUB DATE Oct 87

NOTE 29p.; Most pages contain small, faint type.

PUB TYPE Reports - General (140)

EDRS PRICE MF01/PC02 Plus Postage.

DESCRIPTORS *Audits (Verification); Change Strategies; *College Programs; Educational Change; *Evaluation Criteria; *Evaluation Methods; Foreign Countries; Higher Education; *Program Evaluation; Vocational Education

IDENTIFIERS *England

ABSTRACT

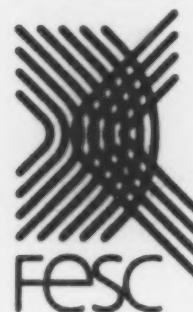
Great Britain's further education service is being subjected to numerous investigations into and reports on the efficient use of college resources under the audit inspectorate. The need for program evaluation and accountability is undisputed; however, the methods and criteria on which the audits are based must be reexamined. The audit inspectorate's current procedures have imposed upon college administrations a series of absolute controls and yardsticks that tend to limit or remove areas of discretion and room to maneuver. The terms, definitions, arrangements, and practices on which audits are now based are losing their usefulness and relevance. The result is that the audits are perpetuating traditional approaches rather than stimulating much-needed and worthwhile innovation. Any evaluation of performance, if it is to have real meaning and value, must start with the aims and objectives that have been set for the further education service. Audit procedures should go beyond measures of efficiency and encompass, in full partnership with the educational service, considerations of effectiveness in educational and qualitative terms, taking into account future needs as well as present provision. (Summaries of three college experiences of district audits are appended.) (MN)

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The Further Education Staff College

Information Bank Number

2419



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Towards an educational audit.

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Author

Yorkshire & Humberside Association for Further
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October 1987

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The Further Education Staff College, 1987

**YORKSHIRE & HUMBERSIDE ASSOCIATION
FOR
FURTHER AND HIGHER EDUCATION**

"TOWARDS AN EDUCATIONAL AUDIT"

REGIONAL WORKING PARTY REPORT.

TOWARDS AN EDUCATIONAL AUDIT

Introduction

1. Colleges of further education are required to be in the vanguard of change, both as a logical response to a variety of socio-economic trends and at the behest of government policy makers, national and local. Their effectiveness in this role is to a large extent determined by their ability to respond quickly, adaptively and imaginatively to changing requirements and circumstances.
2. At the same time the further education service is being subjected to numerous investigations into, and reports on the efficient use of college resources under the audit inspectorate which has established measures of resource efficiency as proxies for value of money expenditure.
3. Coupled with current financial restraints this measurement of resource efficiency has imposed upon college managements a series of absolute controls and yardsticks which tend to limit or remove areas of discretion and room for manoeuvre and are thereby inhibiting the colleges in their efforts to perform their functions successfully in an increasingly competitive climate. In the main these controls and measures are expressed in the form of terms, definitions, arrangements and practices which are now losing their usefulness and relevance; with the result that they have the effect of perpetuating traditional approaches rather than stimulating much needed and worthwhile innovation. For example, the emphasis on teaching hours detracts from the role of the teacher in the fullest sense and runs counter to current belief that class contact can be reduced in favour of other teaching/learning components with beneficial results both for the learner and the overall performance of the teaching unit. An unfortunate consequence of the now outmoded priority given to class contact is that the reduction of teaching hours is often accompanied by a corresponding reduction in the college establishment, rather than a channelling of the released resources into more profitable and productive avenues.

4. As a corrective to these counter-tendencies and contradictions it is important that the case for educational and professional considerations should be given proper recognition and weight in the further development of audit procedures. It would then be possible to construct a more soundly based system of accountability and control that had built into it, within agreed and acceptable limits, a measure of discretion and tolerance that would enable colleges within these parameters to utilise the resources allocated to them in a more flexible, and therefore a more effective, way.

5. This paper, prepared by a working party established by the Association's Further Education Committee (for membership see Appendix I), is offered as a contribution to the formulation of a wider concept of educational audit. Its starting point is the uneasy position, outlined above, in which colleges of further education now find themselves. It is contended:

5.1 that any evaluation of performance, if it is to have real meaning and value, must start with the aims and objectives that have been set for the further education service.

5.2 that although the conduct of audits relating to the efficient utilisation of resources must be accepted as a right and proper aspect of accountability, such audits should be conducted in a fair and acceptable manner.

5.3 that audit procedures should go beyond measures of efficiency and encompass, in full partnership with the educational service, considerations of effectiveness in educational and qualitative terms, taking into account future needs as well as present provision.

The Aims and Objectives of the Further Education System

6. Efficiency in the utilisation of resources and effectiveness in the delivery of outputs have to be set firmly in the context of what the further education system is designed to do.

7. One approach to the aims of further education is to define it in broad terms as the personal development of the student, the transmission and extension of knowledge and the transmission and continuance of society's conventions, values, attitudes and cultural bases, with subordinate objectives such as:

meeting the needs of industry, commerce and the services for qualified manpower.

meeting the needs of individual students in obtaining, holding down and enjoying (as far as they may) a job which matches their aptitudes and aspirations.

8. A second and preferred approach is to express the broad aim of further education as being to provide a flexible service designed to respond to the constantly changing needs of individuals and communities, and changing economic circumstances. In this sense the particular aims of the service can best be described in terms of the needs of the principal client groups; i.e.:

8.1 those seeking to advance to higher education.

8.2 those seeking a vocational qualification in order to enter employment.

8.3 those who wish to continue their general education, personal development and pre-employment preparation without commitment to a specific vocation.

8.4 those who are in employment and who wish to enhance their vocational, professional or educational qualifications.

8.5 those whose employers wish to improve their effectiveness by means of further education/training.

8.6 those who are seeking to improve their prospects within their present field, or are obliged to change to a new field.

8.7 those who have no employment and wish to improve their

skills to facilitate entry or re-entry to employment.

8.8 those who require remedial education in order to enhance their employment and life prospects.

8.9 those seeking recreation and self-fulfilment through further education.

9. In catering for this range of client groups college managements have to organise the resources available to them both efficiently and effectively, in terms of values which are both quantitative and qualitative. Assuming that performance is connected with the selection of appropriate inputs, the resource implications of throughput and recognition of output, it is essential that educational audits should be based upon a full appreciation of the total process required to meet client needs in their diverse forms. This process will include:

9.1 consultation, marketing and industrial liaison.

9.2 curriculum planning, involving:

9.2.1 identification of learning objectives.

9.2.2 acquisition and development of appropriate staff expertise.

9.2.3 provision of resources to match curriculum objectives.

9.2.4 adoption of appropriate learning methods, teaching techniques and assessment or examination procedures.

9.2.5 course administration.

9.2.6 appraisal and evaluation.

9.3 monitoring of performance and staff evaluation.

9.4 guidance and counselling of potential students.

- 9.5 tutorial work to facilitate personal learning.
- 9.6 the arrangement of placements and outreach work.
- 9.7 the assessment of student achievement.
- 9.8 recording and certification of achievement.

Resource Efficiency

10. Discussions with colleagues who have experienced district audits in colleges has led to the following general conclusions:

- 10.1 There is an opinion that auditors have little experience and knowledge of the workings of colleges and that consequently the audit is more of a hazard to be contained than a potential aid to promoting more efficient utilisation of resources in genuine rather than account book terms. Quite apart from the positive contribution being at a minimum, there seems to be a numerical risk of the audit report being based on significant errors.
- 10.2 There is a belief that the resource base for further education is under attack and that the main target is public sector staffing policy. From this it can be inferred that a relative degree of unfamiliarity with the further education system is a positive asset as far as the auditor is concerned, in the process of identifying savings opportunities, which might be undermined by a deeper level of perception.
- 10.3 In the higher education institutions and possibly the larger mixed colleges the administrative resources are sufficient to enable the institutions to meet the auditors on equal terms, to hold their own and to press their case with some degree of success. On the other hand, for the smaller colleges especially, the audit is a new experience for which they are not particularly well equipped in administrative terms with detailed management information. The difficulty is then compounded by the sheer diversity of provision taking place within them. This situation confirms the need for guidance on salient aspects and issues. Without such guidance

there is a risk that the implications of certain actions and lines of enquiry will not be fully appreciated until after the event, with possible adverse effects.

10.4 The audit process is not uniform; for example, in one case registers are inspected comprehensively, whilst in another they are only sampled.

10.5 There appears to be little serious consideration given to factors that are regarded as being extremely significant by the colleges themselves; e.g., the constraints imposed by local and national conditions of service agreements, the after-effects of college mergers and increasingly rapid changes in the pattern of provision, the requirements of students with special needs, the variety of provision and the need for separate treatment of full cost courses.

10.6 Experience concerning the presentation of audit reports is extremely variable, ranging from, at one extreme, a total lack of opportunity to comment at either the drafting or final stage to, at the other extreme, significant modifications to take account of college representations at the drafting stage.

11. Three summaries of college experiences of district audits across the region are contained in Appendix II. The remainder of this section represents an attempt to distil the observations and the insights gained from them into a set of guidelines that may hopefully help to prepare colleges for the audit exercise.

12. The District Audit Review has concentrated on eight sets of indices which are seen as crucial indicators of a college's efficiency. They are:

Student:Staff Ratio	SSR
Average Student Hours	ASH
Average Class Size	ACS
Average Lecturer Hours	ALH
Teacher Contact Ratio	TCR
Overall Student Retention Rate	OVRR
Academic:Administration Hours Balance	AAHB
Academic:Administration Cost Balance	AACB

13. Preliminary meeting.

13.1 It has been noted that there is a tendency for the Review Report to call attention to apparent indicators of inefficiency about which a college was not only aware but had implemented as a matter of policy as determined by the local authority or the college governing body. For example, a small ACS for part of a college's work may reflect the fact that a department makes substantial provision for handicapped students in class sizes which are well below the college's normal minimum. If a college waits until the district auditor "discovers" a low ACS (with its accompanying low SSR) it is likely that explanations by the college may be regarded as merely excuses or attempts to rationalise inefficiency. This is made more likely by the fact that the low ACS and SSR for the work involved will not stand out as being clearly identified with that work but will be subsumed under a low ACS and a low SSR for the whole faculty or departmental grouping.

13.2 Colleges are recommended, therefore, to identify all such features and calculate their effects on the relevant performance indicators for the departmental/faculty groupings. During the preliminary meeting with the district auditor these situations should be introduced as areas which are apparently inefficient but which are part of the college's/authority's policy. The district auditor should be told that it is known that he will find, e.g., a low SSR, ACS, ALH, AAHB in certain areas of work, with the reasons cross-referenced to policy decisions. The reasons may include one or more of the following:

13.2.1 The students are disabled/handicapped/disadvantaged and it is policy to teach them in groups of not more than eight.

13.2.2 The courses are full-cost. The client meets all costs and requires that the students are taught in small groups.

13.2.3 It is policy to double-staff certain courses as the students have learning/behavioural/emotional difficulties.

13.2.4 A number of the staff in a department/faculty are wholly or partly engaged on fully-funded research/consultancy/liaison work.

13.2.5 The college operates on a number of sites, each of which has a library/refectory/admin.office/etc. Therefore a higher-than-average expenditure on non-teaching staff will be found.

13.2.6 A substantial distance-learning programme is located in a particular department/faculty. Consequently,

(a) there are no registered hours;

(b) administrative and clerical hours are high.

13.2.7 The courses in a particular department/faculty have an unusually high workshop content. Consequently, technician expenditure and student hours are high and class sizes are small.

13.2.8 The industry which a particular department services has temporarily reduced its recruitment and training. College policy is to continue to provide training for the temporarily small throughput. Curriculum requirements prevent a reduction in staff during this period. Consequently the average class size is low, as a matter of policy.

13.2.9 A proportion of lecturer time is being devoted to innovation and development, without which the college would lose its effectiveness and ultimately become inefficient.

13.3 In other words, colleges should try to preempt the situation where the district auditor is able to announce that his team has discovered areas of inefficiency. Once this is allowed to happen a difficult retrieval mission follows. In order to avoid this colleges will obviously need to have sufficient management information available prior to the audit to identify where in audit terms the "deficiencies" will occur.

13.4 It will of course be better if the LEA is fully aware of, and approves, the policies which lead to activities which, according to

the criteria of the auditor, are inefficient. It is important to remember that the efficiency of colleges is being investigated in the wider context of an investigation of the extent to which local authorities give value for money. If colleges and/or local authorities forget this the potential effect of an audit review is to damage the relationship between the college and the local authority.

14. Calculation of full-time-equivalent students.

Other things being equal, the higher the FTE population, the better will be the performance indicators. The FTE calculation is done separately for each course of part-time students and is based on the weekly attendance hours on the "equivalent" full-time course. This means that the full-time course attends for 35 hours a week, 15 students on a part-time day course of 7 hours a week will count as 3 FT students. If the full-time course attends for 21 hours, the same 15 part-time students will count as 5 FT students. A college is penalised twice in the former case; firstly by having a 35 hour per week student counting for no more than the 21 hour per week student, and secondly, by having part-time students counting for much less than their counterparts elsewhere. The district auditor may argue that this inequity affects all colleges similarly. This is not so: if a college has a larger-than-average proportion of part-time students and/or a larger than average proportion of workshop teaching and/or a number of full-time courses with inordinately-high teaching hours then the performance indicators will show a degree of apparent inefficiency that is not real.

15. Courses aimed at early entry to employment.

15.1 If courses are provided for the unemployed where the students continue actively to seek work, usually with the help of staff, then the success of the venture will count against the QVRR which assumes that efficiency is positively related to the length of time students are retained. If a college has such courses they should be drawn to the attention of the auditor and he should be asked how he will deal with them in his calculation of the QVRR.

15.2 Slightly different is the situation with YFS courses for the less motivated students. If a college has a policy of making

provision for those YIS trainees who are less attractive to the private sector, its OVRP will suffer in comparison with colleges who have neglected the slower learners in favour of more committed trainees who are more likely to stay the course. This should also be drawn to the auditor's attention.

15. Checking the work of the district auditor.

16.1 A college's own calculations, using the district auditor's methodology, should be made for at least one department. If the results conflict with those of the auditor an attempt should be made to resolve the differences with him. The auditor makes errors as a result of the idiosyncracies of the work and/or the organisation of individual colleges. He cannot be blamed for this; it is an inevitable consequence of the diversity of the FE system.

16.2 Do not attempt to challenge the auditor's results with results that have been obtained by using a different methodology. This will cut no ice at all. The main significance of the findings of the district auditor lies in their comparison with results from other colleges, using the district auditor's methodology, not that of some other body.

17. Average lecturer hours.

The separate calculations of ALH for advanced and non-advanced work involves some approximations and arbitrary allocations of full-time equivalent staff. If similar circumstances surround AFE and NAFE in a faculty this will not be a significant issue. If, however, there are special circumstances pertaining to one level of work, (e.g., substantial research/consultancy/full-cost courses) then the adverse affects of this will "spill over" into the calculations for the other level of work. The auditor should be asked how he will attempt to avoid this. (N.B. It is worth studying in detail the way that ALH is calculated for AFE and NAFE as it is the least satisfactory of all the calculations).

18. Accuracy of registers.

14

If a college has, say, 1,500 registers, each marked 70 times, with an average class size of 15, and the auditor finds 500 errors, he may

present this in his report as "500 errors" or as "a 33% error rate". In fact it is an error rate of 0.03% because in terms of student/attendances, those registers have been marked 1,575,000 times and 1,574,500 of the entries are correct. None of these ways of presenting the information is fair but it is important to note any tendency in the report to present statistics accurately but misleadingly and draw attention to it.

19. Encouragement of innovation.

The extent to which a college is successful in developing full-cost, market-oriented courses under PICKUP or the Adult Training Strategy can adversely affect many of the Audit Commission's performance indicators. This is because this work involves non-teaching activities by staff; it also produces small classes, and it becomes more difficult to maintain an even flow of teaching hours. This policy conflict between full-cost, client-oriented training and "satisfactory" performance indicators has been brought to the attention of the Audit Commission via the DES and the Audit Commission have said they will take it into account. It is not clear how they will do this but the most satisfactory way may be to urge the auditor to abate all the staff hours and all the student hours devoted to PICKUP and other full-cost work. It would be fair response on the part of the auditor to say that he will abate these hours provided that you can demonstrate that the work is indeed full-cost.

20. Conclusion.

20.1 The work of the Audit Commission is still at an early stage of its development. It is being carried out by people whose understanding of the work of the further education service has scope for further improvement.

20.2 If the results of the review report are presented in a too authoritative or dogmatic tone, it is worth drawing the auditor's attention to some of the reservations contained in the CIPFA consultative document: Performance Indicators in the Education Service, April 1984. Section 9 of the Introduction states: "Clearly an education service is a conglomerate. Any set of performance indicators will reflect only part of the endeavours of a particular LEA, and insofar as education is about the

values and perceptions of individuals it may be open to the criticism that essential aspects of quality are not being dealt with".

Appendix 8 of the consultative document on performance indicators for non-advanced further education, states "This is an area where genuine complexities make simple indicators seem impracticable. Most significantly, LEs differ widely in the particular colleges, and range and level of courses. We want help. There may be a need for further research in the development of indicators, but the audience must include "all of us".

Measuring the Effectiveness of Provision

21. Taking up these last points in a positive way it is suggested that a more complete appraisal of performance - an educational audit in the fullest sense - could be built upon the statement of aims and objectives of the further education system put forward in an earlier section of this paper by identifying for each client group a set of appropriate forms of measurement or indicators of effective delivery. Such an array might appear as follows:

PRINCIPAL CLIENT GROUP	DESCRIPTION	POSSIBLE INDICATORS OF THE EFFECTIVENESS OF PROVISION
1. Those seeking to advance to higher education.	1. Those taking 'O' or 'A' level or equivalent subjects to matriculate. 2. Those taking other forms of examination which allow entry to higher education.	Numbers who matriculate for university. Numbers of successful applications to HE. Those gaining employment where HE qualifications control entry. Those who, having gained employment on the basis of qualifications later move to HE. Those who complete the original course (retention rate).
2. Those seeking a vocational qualification to enter employment	1. Those not in employment seeking a specific vocational qualification to enter employment. 2. Those not in employment seeking a general vocational qualification.	Numbers who gain the desired type of employment. Those who complete the original course (retention rate). Numbers who progress to other courses.

PRINCIPAL CLIENT GROUP	DESCRIPTION	POSSIBLE INDICATORS OF THE EFFECTIVENESS OF PROVISION
3. Those who wish to continue their general education, personal development and pre-employment preparation without commitment to a specific vocation.		Numbers who enter the system, preferably over a period of time, as a % of potential clients. Numbers who complete the course (retention rate). Numbers who enter employment. Numbers who progress to other courses. Numbers who achieve accredited competencies. Numbers who pass the examination.
4. Those who are in employment and who wish to begin/enhance their vocational/professional/educational qualifications.	1. Those who seek to take professional qualifications. 2. Those who seek vocational/technical qualifications. 3. Those who take general educational qualifications.	Numbers who enter the system. Numbers who complete the course (retention rate). Numbers who gain improved employment. Numbers who pass examinations. Numbers who return for further courses. Numbers who gain accredited competencies.
5. Those whose employers wish to improve their effectiveness by further education/training.	1. Those seeking additional vocational further education. 2. Those seeking specific training.	Further requests from the firm for more training. Favourable evidence of evaluation of provision by employers. Continuation of employer commitment and support. Number of firms with which the college has a link.
6. Those who seek to improve their prospects within their present field or are obliged to change to new fields.	1. Those seeking to improve prospects within one role. 2. Those facing the need to change to new roles.	Success of students in coping with existing jobs. Success of students in finding/handling new jobs.
7. Those who have no employment and wish to improve their skills.	1. Those who have been in employment with skills which are now out of date. 2. Those who lacked such skills.	Numbers re-entering employment. Numbers retaining employment.

Cont./...

PRINCIPAL CLIENT GROUP	DESCRIPTION	POSSIBLE INDICATORS OF THE EFFECTIVENESS OF PROVISION
8. Those who require remedial education to enhance their employment and life prospects.	1. Those needing basic skills to enter/re-enter employment. 2. Those needing basic skills to cope with life.	Numbers entering/re-entering employment. Numbers gaining accredited competencies. Numbers gaining independence as a result of their attendance.
9. Those seeking recreation and self-fulfilment at all stages after compulsory education ends.		Numbers attending courses. Numbers completing courses. Numbers returning to new courses. Favourable evaluation of provision by client group.

In addition, other particular measures of the effectiveness of further education will include

- (i) the percentage of potential students who know about, and use the further education system
- (ii) the views of present clients on the provision made for them
- (iii) trainee/student satisfaction and personal benefit
- (iv) use of profiles as a qualitative measure of achievement.

22. Educators and trainers should, as part of their professional responsibility within colleges, continually evaluate and appraise the output from their courses of study. It is suggested that an internal evaluation should be included as part of every college's annual report. Responses to national, regional and local policy discussions, matching the performance of the college against established indicators with common currency, should be a central part of an annual appraisal process for every FE institution.

Performance Indicators for Non-Advanced FE

23. With annual appraisal on such a recurring basis, some common ground for meeting those objectives which are recognised as being both demanding and sensitive, could be agreed on more neutral terms. To this end it is suggested that local authorities in assessing non-advanced further

education provision, should consider the adoption of a range of quantifiable performance indicators as follows:

23.1 The actual staff/student ratio for the previous year supported by:

- (i) average student hours
- (ii) average class size
- (iii) average lecturer hours.

23.2 The gross cost of provision per student, supported by the cost per student for:

- (i) teaching staff
- (ii) ancillary and support staff
- (iii) books and equipment.

23.3 The number and proportion of students ^{in FE?} which particular examination achievements.

23.4 The percentage of 18 year olds in full-time education, supported by the relative proportions of 16-18 year olds in schools and in FE.

23.5 The number of discretionary awards granted.

23.6 The net cost of provision per 1,000 population.

24. In addition to the use of these quantitative measures it will be equally important to assess the performance of the non-advanced FE service in a more qualitative way. The qualitative indicators that could be used for this purpose would include:

24.1 response to local manifestations of social and economic change.

24.2 response to appraisal of manpower needs.

24.3 evidence of responsiveness, and ability to meet the changing needs of the community and its workforce.

24.4 response to developments that have been researched locally and nationally requiring a NAFE input.

25. In conclusion, the present position of the further education service requires urgent attention to be given to the application of criteria normally associated with college evaluation of individual courses to the total college investment of its resources as set against the social and economic needs of the community which it is designed to serve.

APPENDIX IMEMBERSHIP OF YHAFHE FURTHER EDUCATION COMMITTEE'S WORKING PARTY ON
EDUCATIONAL AUDIT

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Shirecliffe College, Sheffield

Mr H C Bower

Rotherham LEA

Mr G Crompton

North Yorkshire LEA

Mr F Davies

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Miss C Lambert

Kirklees LEA

Mr B Merrells

Humberside LEA

Dr H I Taylor

Huddersfield Technical College

Mr P H Horton (Secretary)

YHAFHE

APPENDIX II

SUMMARIES OF THREE COLLEGE EXPERIENCES OF DISTRICT AUDITS

College A

- (1) Discrepancies between the District Auditor's count of student hours and the college's own count in 8 departments, involving a total discrepancy of 140,000 hours.
- (2) Calculation of different full-time equivalence for various groups of part-time students attending for the same number of annual hours.
- (3) Counting students on full-cost courses of more than 30 weekly tuition hours as only one full-time-equivalent student.
- (4) Understating average class size by failing to identify situations where students on courses with low enrolments are taught in larger composite groupings for all or part of their tuition time.
- (5) Inaccurate assumptions about the deployment of staff which resulted in errors concerning the calculation of average lecturer hours on non-advanced courses.
- (6) Use of subjective judgements in the calculation of overall retention rates.
- (7) Calculation of magnitudes for academic: administrative hours balance and academic: administrative cost balance which were clearly in conflict with each other.
- (8) Reduction of 8.3% from lecturer hours to allow for tea breaks on college sites where tea breaks were not, and had not for some years, been taken within contracted teaching hours.
- (9) Incorrectly identifying as "day-release" students, hours of teaching serviced by one department to another department's full-time students.
- (10) 14% discrepancy between the District Auditor's calculation of Teacher Contact Ratio and the internal calculation in one department where a thorough check was made on the District Auditor's findings.

- (11) Failure to inform the local authority, or the college, when it was subsequently discovered that the whole exercise, so far as SSR's were concerned, had been rendered invalid. This was the result of a discovery that the District Auditor's calculations were based on actual student hours, whereas the 100 colleges used as a proxy for the "national average" had based their calculations on planned student hours.

College 3

(1) Handicapped/Disabled Support Services

The District Audit made no allowance for the support service for handicapped/disabled/disadvantaged students in the colleges. My own contention is that the monitoring of such services should be outside the SSR/ALM ratio analysis and could well be measured on a weighted scale similar to that used by certain legal institutions whereby activities of staff are graded according to complexity and recorded by number of occurrences.

(2) Changes in work load in specific areas

The District Auditor made no allowance for the drastic changes in the environment in which the college operates. The cessation by the Gas and Water industries of sending students has had effects in one department. Either staff involved with these industries must be redeployed, or posts left unfilled when they become vacant, but the Auditor to fulfil his ratio analysis requires an instant response in lowering staff numbers - an attitude which is clearly not defensible in terms of personnel management or condition of service.

(3) Conditions of Service

The Auditor made a number of comments about the definition of "teaching" in colleges and he excluded "teabreaks" and certain other activities such as "interviewing", "counselling", curriculum development and the production of learning and video/computer materials, from his definition. This failure to recognise the changing nature of the educational world and the requirements of students in a changing environment is to be deplored. There are also implications concerning "condition of service" agreed nationally or locally and over which the college has little, if any, control. These conditions of service include the remissions for safety, staff and counselling and the percentage of staff on higher graded posts.

(4) ECY Provision

The Auditor made no allowance for the requirements of ECY provision i.e. he refused to recognise the "pump priming" necessity of enhanced resource allocation.

(5) Specialist Provision

No account has been taken of the specialist nature of some of the college courses which are the sole provision for the region or nation.

(6) Curriculum Development

In a rapidly changing environment there is a need also for a rapidly changing curriculum. It is accepted that curricular have been changed or adapted over the past 100 years of further education but never has the requirement for change been of such a level. The Auditor made no allowance in his calculation for time spent by staff in committee or conference planning such changes.

(7) Mode of attendance

No allowance was made for "blocks" not being end on - the Auditor contends that it is always possible to arrange "end on" attendance, a situation which is not possible when responding to industry and its needs.

College C

- (1) The Auditors were given access by the college to class registers, staff time-tables, Burnham returns, staff changes, remissions, non-teaching staff numbers etc. The Financial Services Department of the Authority provided details of staff costs.
- (2) The Auditors prepared and printed the report, including the summary (conclusions), without discussing it with the college.
- (3) The college did not question the methods of data collection and analysis adopted by the Auditors as we accepted that a manual analysis was only possible in a limited time if many assumptions and approximations were made.

- (4) The college was not provided with, nor did it ask for, the detailed calculations done by the Auditors so was not in a position to make checks.
- (5) The college was concerned that:-
- (a) The Auditors sent the report to the Director of Education which is contrary to the advice given in District Audit - Colleges of Further Education - Guide to the Measurement of Resource Efficiency - February, 1983 which states in paragraph 9.1 "...therefore most desirable that the findings of the audit are discussed fully with the College Principal before being taken further".
 - (b) The report did not make reference, when highlighting "poor" results, to the constraints imposed on the college by local authority policy, MSC contracts, special provision for the disabled/disadvantaged etc.
 - (c) The report did not recognise the realities of the real world in simply stating "very low overall Retention Rate" without analysing the "leavers". To attend a college course for part of a session and leave on obtaining employment would be considered by most young people and their parents as success not failure.
- (6) We feel that the Audit Commission should:
- (a) address itself to the variety of courses and attendance in FE colleges which can not be conveniently approximated to full-time equivalent university attendance.
 - (b) ensure that its staff and college staff understand the basis of any exercises undertaken.

ADDENDUM to the Report occasioned by the subsequent completion of the ACFHE/FEU Research Project 304 Report: Towards an Educational Audit: Feasibility Study and the publication of the Audit Commission Report: Obtaining Better Value from Further Education.

Audit Procedures

1. In section 10.6 of "Towards an Educational Audit" it is stated as a matter of fact that "experience concerning the presentation of audit reports is extremely variable..." The report resulting from the Association of Colleges of Further and Higher Education/Further Education Unit Research Project 304, Towards an Educational Audit: Feasibility Study, makes the observation that "a consistent theme emerging from this study is the importance of the active participation of both the evaluators and those being evaluated in the negotiation of a particular instrument". Both these findings point towards the need for auditing procedures to be based upon an agreed frame of reference which fully reflects the interests and responsibilities of the parties involved. In particular a channel of communication with the auditors through the stages of initial negotiation, information gathering and clarification, report drafting and report presentation should be clearly defined, and once defined, adhered to. In establishing these ground rules full recognition should be given to the fact that the provision of further education is essentially a joint concern and responsibility shared between the institution which is being audited and its providing local education authority.

The Diversity of Further Education

2. The ACFHE/FEU Research Project Report referred to above, also features amongst its conclusions the comment that "the further education sector is extremely diverse and complex and will continue to defy neat definitions and parameters". Findings of a generalised nature based upon statistical aggregations inevitably conceal the fact that colleges of further education do not in many respects form a straightforwardly homogeneous group within which like can be compared with like. They vary significantly in the range of provision which they offer and the focus of that provision. For good or ill they are part of a pattern of relationships with the rest of the educational system and the allied field of training, and they are subject to differing degrees of autonomy. Above all else, they are by no means similar in terms of size; a factor which has considerable bearing on

their ability to respond to the kinds of improvement in performance suggested in the Audit Commission's report "Obtaining Better Value from Further Education". The disparities that need to be regarded also include the essential distinctions between non-advanced and advanced further education; evidence drawn from the higher education (AFE) sector will not necessarily be valid for mainstream further education (NAFE), and vice-versa. It follows from this assertion that public sector HE institutions ought to be compared with the universities rather than with the NAFE institutions in the public sector.

Responsiveness and Control Mechanisms

3. It cannot be denied that there are significant areas of activity encompassed by college management for which it should be rightly held accountable. At the same time the emphasis given to institutional responsiveness and efficiency has tended to overshadow the fact that an institution's ability to respond and to manage its own affairs in an approved manner is set about with all kinds of external constraints, influences and controls, with the result that the college is not always able to react effectively to the critical evaluation being levelled at it through the audit process. Various examples of the complexity of the controlling mechanisms and the ways in which responsibility is diffused can be cited - the impact of negotiated agreements both national and local, the intervention of statutory requirements, the interplay of social and economic factors and forces, the rapid rate of change to which further education has become subject within the last decade, the influence of examining and validating bodies as agents of curriculum innovation, and the growing role of the Manpower Services Commission as the protagonist of the New Training Initiative, as a major user of the FE system, and now as a regulator of the FE system through its acquired control over NAFE resources and vocational qualifications. The auditing focus on institutions has tended to remove all these very significant considerations to the sidelines. Clearly they must be brought onto the centre of the stage and scrutinised as closely as the colleges themselves if real progress is to be made without sacrificing effectiveness. To expect all movement and progress to be channelled through the colleges would be as simplistic as it is unreasonable.

The Management of Information

4. Whilst the audit is a necessary and acceptable instrument of accountability, it should not be regarded as a substitute for internal or self-evaluation by institutions. The ability of an institution to monitor its own provision and processes on an on-going or regular basis and to subsequently make corrective adjustments as and when required, should be recognised as a worthwhile goal to be sought through the institutional management system. For this to happen, however there is an important prerequisite that the institution should assemble an appropriate information management system to facilitate the kind of close monitoring that will be required. With computerisation, information technology and the development of support such as FEMIS, the establishment of a management information system for every college has become a feasible proposition and should be actively pursued.

The Annual Report

5. If self-evaluation of performance is founded on a system of management information its expression could be geared to the preparation and presentation of the annual college report. The report could become the focal point for an annual educational audit covering all facets of the college's work and activities, through which the results of previous policy decisions would be assessed and future changes of direction and initiatives determined.

Use of Buildings

6. Enlarging an institution's capacity to handle students or switching resources from one type of provision to another can very often only be achieved if the physical environment is conducive. In practice the physical environment expressed in terms of buildings and plant has been designed at one point in time for a particular purpose, which may or may not lend itself to adaptation to present or imminent needs. The corollary of this is that an improvement in performance which looks reasonable on paper may in fact be almost impossible to implement in any way that would have educational validity without the willingness and facilities to make a complementary investment in the necessary modification of the physical environment.

National Norms

7. To quote the feasibility study report once again, "agreement on the compilation of ratios is crucial to the acceptance of meaningful inter-institutional comparison... It is feasible... to seek to develop what might be best described as an 'education audit reference inventory', which is perceived as a comprehensive and systematised array of performance indicators and evaluative procedures from which can be drawn different combinations for a wide variety of evaluation exercises. Such a source of reference would need to be continually modified, adapted and refined to meet the demands made upon it". This conclusion has much to commend it. The way forward advocated in the feasibility study would seem to offer a basis for the establishment of a range of national norms which could be interpreted and used for guidance in a constructive and positive manner, taking account of exceptional circumstances and the variety of mix which is one of the hallmarks of the further education system.

Evaluative Judgements

8. The Audit Commission report "Obtaining Better Value From Further Education" contains a number of conclusions and findings which undoubtedly have an educational implication, even though Section 8 of the Introduction states that "the Commission and its auditors have been concerned to avoid making educational or policy judgements". There are for example, judgemental conclusions about remission levels, the functions of senior staff, marketing and product development, and above all else, the current lack of value for money. It is not part of the argument to suggest that such conclusions should not have been reached and that consequent target-setting should be discouraged, but it is important that the educational connotations should be clearly recognised so that the related statements can be judged against educational yardsticks as well as the accountant's measures of efficiency. Any commentary upon the assembled evidence, or conclusions drawn from it, must be considered incomplete, unless the views of the auditors can be accompanied by considered opinions of comparable stature derived from an educational standpoint. It is consequently a matter of crucial importance that audits should be educational as well as financial and that highly experienced professional educationalists should have a recognised place in the audit team and be involved in the audit process at all levels.